

**GOVERNMENT OF ANDHRA PRADESH**  
**ABSTRACT**

MA & UD Dept - HMWSSB - Settlement of Arbitration Award in respect of the work relating to “providing in lining, out coating, laying, jointing and testing of 1625 mm outer dia M/s Spirally welded pipes for pumping main from Peddapur to Singapur Reach I from Ch.11.00 to Ch. 300.0 & Reach II from Ch. 300.0 to Ch.587under MWSS Phase-III(SP)” under Agreement No 7/86-87 & 8/86-87- Orders-Issued.

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**MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (W2) DEPARTMENT**

**G.O. Rt. No.380**

**Dated: 5-3-2009**  
**Read the following: -**

1. Orders of the Hon’ble High Court Order in CMAs No1483, 1829, 1881 and 2761 of 2002 dated 31.8.2007.
2. From M/s G. Ramachandra Reddy & Co, Hyderabad dated 1.7.2008.
3. Govt. Memo No 16118/W2/2008-02 dated 3.11.2008.
4. Govt. Memo No 16118/W2/08-3 dated 20.11.2008.

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**ORDER: -**

This is a case arising out of the orders passed by the Hon’ble High Court in CMA Nos 1483, 1829, 1881 and 2761/02 dated 31.8.2007.

2. The brief facts of the case are:

An agreement was entered into by M/s G. Ramachandra Reddy & Co and Superintendent Engineer, Water Supply Construction Circle, Hyderabad on 4.7.1986 for providing in lining, out coating, laying jointing and testing of 1625 mm outer dia MS spiral are pumping main for Peddapur to Singapur Reach I from Ch 11 to 300 and Reach II from Ch. 300 to Ch. 587 under MWSS face 3(SP). The approximate value of works under the agreements was Rs1,09,88,644.12ps and Rs. 1,02,59,837-47ps. The above company quoted 17% less. Being lowest tender, it was accepted by the Chief Engineer, Metro Water Works. The time given to complete the works was 2 years, from the date of handing over of the site. The site was handed over on 26.8.1986. Later supplemental agreements were also entered on 30.11.1991. Due to dispute arisen between the company and Hyderabad Metro Water Supply & Sewerage Board, Hyderabad in regard to execution and payment for the works executed, both of them approached the Civil Court and the Civil Court appointed Justice Sr. K. Punnaiah (Retd) Judge High Court as Sole Arbitrator.

3. The Sole Arbitrator passed the award on 30.8.1997 and aggrieved by the award passed by the sole Arbitrator the HMWSSB filed OP Nos 70 and 71 of 1997 before the Court of the 7<sup>th</sup> Additional Judge City civil Court, Hyderabad. The above Court passed order in OP No 70 on 18.10.2001 holding the arbitrator decision on claim No 1,2,3,4,5,6,8,9 and 10 as proper and no needs or modification. The court held claim No 7 as improper and allowed the OP partly. The Operative portion of the order of the City Civil Court in the above OP reads as follows:

“ In the result the petition is partly allowed holding among the claim No 1 to 10, claim No 7 towards extra rates for all the items of work executed beyond the agreement period (excluding the items claimed under claim No 4 and 5) granted by the Arbitrator is not proper, and is vitiated by the factor of apparent error of law and thereby is illegal. The award is made rule of court for all the other claims with future interest at the rate of 16 ½ % p.a. from

the date of decree till the date of realization. Both the parties do bear their own costs”.

For OP No 71, the court passed order holding arbitrators decision on claim No 1,2,3,4,6,7 and 8 as proper and held claim No 5 as improper. The operative portion of the city civil court reads as follows:

“In the result, the petition is partly allowed holding among the claim No 1 to 8, claim No 5 towards extra rates for all the items of work (excluding the items claimed under claim No 4) granted by the Arbitrator is not proper and is vitiate by the factor of apparent error on law and thereby is illegal. The award is made rule of the court for all the other claims with future-interest at 16-½ p.a. “Both parties do bear their own costs”.

4. According to the company the balance amount due as on 30.10.2007 is Rs. 1,44,74,782.60. According to HMWSSB the claimant was fully paid for all the items of work executed by it as per the original agreement and supplemental agreement. According to the HMWSSB the claimant abnormally delayed execution of the work, out supplied all stages and penalties was imposed on the claimant for slow progress of work. The claimant adopted (short cut) process instead of spinning vibrating, spinning and vibrating which resulted wastage of cement for out courting 1500 bags of cement free of cost was by the department. The claimant was not fully equipped to execute the work as claimed by it since orders were placed for necessary machinery only after contract was awarded.

5. In the light of the above position having heard both the parties and after going through the records available the following orders are passed.

6. Reach I:

- (i) The delay in execution of the work is attributable to both the parties. The findings of the Hon’ble City Civil Court are accepted and agree with the decretal amount of Rs24,91,829/- payable to the claimant.
- (ii) As allowed by the City Civil Court, on award amount of Rs24,91,829/- pre-reference interest be paid @12% p.a. from 06.04.1992 to 04.01.1995, @ 15% from 5.1.1995 to 29.8.1997 and @ 16 ½ % from 30.8.1997 to 18.10.2001 and at 16 ½ % from 19.10.2001 till date or till date of realization, is also allowed, as calculated below:

	<u>Amount in (Rs.)</u>
Total decretal amount as on 3.10.2002 (Rupees sixty two lakhs fifty two thousand six hundred and ninety seven)	62,52,697
Less: 1/3 amount paid on 3.10.2002 (Rupees twenty lakhs eighty four thousand two hundred and thirty two only)	<u>20,84,232</u>
2/3 or decretal amount (Rupees forty one lakhs sixty eighty thousand four hundred and sixty five only)	41,68,465

since 1/3 of the decretal amount was already deposited, further interest @ 16 ½ % to be paid from 4.10.2002 till date on 2/3 of the award amount,

i.e., on 2/3 of Rs24,91,829/- ie., on 16,61,220  
 16 ½ % interest from 4.10.1992 till date  
 (6 years, 147 days) 17,54,999  
 (Rupees seventeen lakhs fifty four thousand  
 nine hundred and ninety nine only)

Amount to be paid now 59,23,464  
 (Rupees fifty nine lakhs twenty three  
 thousand four hundred and sixty four only)

- (iii) The request of the claimant to pay extra rates for all the items of work executed beyond the agreement period is not accepted.

## 7. Reach II:

- (i) The delay in execution of the work is attributable to both the parties. The findings of the Hon'ble City Civil Court are accepted and agree with the decretal amount of Rs37,59,602/- payable to the claimant.
- (ii) As allowed by the City Civil Court, on award amount of Rs37,59,602/- pre-reference interest may be paid @12% p.a. from 06.04.1992 to 04.01.1995, @ 15% from 5.1.1995 to 29.8.1997 and @ 16 ½ % from 30.8.1997 to 18.10.2001 and at 16 ½ % from 19.10.2001 till date or till date of realization, is also allowed, as calculated below:

	<u>Amount in (Rs)</u>
Total decretal amount as on 3.10.2002 (Rupees ninety one lakhs twenty one thousand two hundred and one only)	91,21,201
Less: 1/3 amount paid on 3.10.2002 (Rupees thirty one lakhs forty thousand four hundred only)	<u>31,40,400</u>
2/3 or decretal amount (Rupees fifty nine lakhs eighty thousand eight hundred and one only)	59,80,801
since 1/3 of the decretal amount was already deposited, further interest @ 16 ½ % to be paid from 4.10.2002 till date on 2/3 of the award amount, i.e., on 2/3 of Rs37,59,602/- ie., on 25,06,401 16 ½ % interest from 4.10.1992 till date (6 years, 147 days) (Rupees twenty six lakhs forty seven thousand eight hundred and ninety two only)	<u>26,47,892</u>
Amount to be paid now (Rupees eighty six lakhs twenty eighty thousand six hundred and ninety three only)	<u>86,28,693</u>

- (iii) The request of the claimant to pay extra rates for all the items of work executed beyond the agreement period is not accepted.

Reach I (Rupees fifty-nine lakhs eighty thousand eight hundred and one only)	59,80,801
Reach II (Rupees eighty six lakhs twenty eighty thousand six hundred and ninety three only)	<u>86,28,693</u>
Total (Rupees one crore forty six lakhs nine thousand four hundred and ninety four only)	<u>1,46,09,494</u>

8. The Managing Director, Hyderabad Metro Water Supply & Sewerage Board, Hyderabad is directed to pay the amount of Rs1,46,09,494/- (Rupees One Crore Forty six Lakhs nine thousand four hundred and Ninety four only) to Sri G. Ramachandra Reddy & Co, Hyderabad.

9. The case is disposed of accordingly.

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)**

**Dr. C.V.S.K SARMA  
PRINCIPAL SECRETARY TO GOVERNMENT**

To  
M/s G. Ramachandra Reddy & Co.,  
Rep by the Managing Partner,  
H.No 8-2-703/A/6/B,  
Road No 12, Banjara Hills, Hyderabad.  
The Managing Director, Hyderabad Metropolitan Water Supply  
& Sewerage Board, Hyderabad.

//FORWARDED BY ORDER//

SECTION OFFICER